

SECTION 52 -- INFORMATION ON FINANCIAL MANAGEMENT

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Ex-52 Report on Resources for Financial Management Activities

Summary of Changes

Provides specific guidance on materials requested for grants management and reminds agencies to include grants management systems in their agency information technology investment portfolio (section 52.4).

Requires agencies to include information on financial management performance measures and a discussion of the audit quality of non-Federal audits in their initial submission (section 52.4).

Requires agencies to report obligations for the prior year (section 52.6).

Adds new reporting categories for contractor accounting and reporting and organization-wide financial statements (section 52.6).

52.1 What are the general reporting requirements?

You are required to provide two reports on financial management:

- Financial management budget justification materials (including agency financial management plans); and
- Report on resources for financial management activities (exhibit 52).

52.2 What other reporting requirements does this fulfill?

For the twenty-four agencies covered by the Chief Financial Officers Act of 1990 (CFO), the materials required in this section fulfill the following requirements:

- The Chief Financial Officers Act of 1990: Each agency CFO must prepare a financial management plan to implement the Government-wide financial management five-year plan.

- The Federal Financial Management Improvement Act of 1996 (FFMIA): Requires each agency head to determine **substantial** compliance with the Act. When a determination is made of non-compliance to the Act, the agency is required to submit a remediation plan with the agency's budget justifications materials. The FFMIA requires OMB to include information about remediation plans in the annual report to the Congress.
- OMB Circular A-127, Financial Management Systems: Each agency is required to develop, prepare, and maintain financial management systems plans. Guidance for the financial management systems plans are provided by the OMB Circular A-11 annually. Information in the financial management systems plans requires verification for consistency against the resource management plans submitted to OMB required under Circular No. A-130.

The FFMIA mandates that agencies implement and maintain financial management systems that comply substantially with Federal financial management systems requirements, applicable Federal accounting standards, and the Standard General Ledger (SGL) at the transaction level. When your agency head determines that the agency's financial management systems do not comply with FFMIA, the Act requires the agency to submit a remediation plan with your agency's budget justification materials. The remediation plan identifies how the agency intends to bring the agency's financial management systems into substantial compliance with FFMIA. The plan described in this section fulfills this requirement.

52.3 Who must report financial management information and when is it due?

CFO Agencies. All CFO agencies must submit the materials prescribed by section 52.4. Materials are due with your initial submission. Section 205 of P.L. 101-576, the Chief Financial Officers Act of 1990, states that the CFO of an agency is responsible for preparing and revising the agency's financial management plan and developing the agency's financial management budget.

Non-CFO Agencies: Non-CFO agencies must include a brief summary of their financial management plans in their initial budget submission to ensure sound financial management practices.

52.4 What materials are required in the budget justification and why?

Budget justifications should include results-oriented information on financial management operations and improvement initiatives in the context of the agency's mission and programs. This discussion should include plans for financial management throughout your agency and financial management performance measures related to financial management activities, as well as, financial performance of the agency. The information presented should represent an integrated discussion of financial management planning and associated resources. In addition, include information on what the agency is doing to ensure audit quality of non-Federal audits. (Selected information on financial management resources for agencies covered by the CFO Act of 1990 is required by Sections 52.5 and 53).

The content of your budget justification should be consistent with the Government-wide strategies and initiatives discussed in the most recent Federal Financial Management Report (see CFO Annual Report, 2000) issued jointly by OMB and the CFO Council; agency performance plans (e.g., GPRA); business plans; information technology plans, and/or agency capital asset plans. To be consistent with the CFO Council's proposal to streamline reporting, agencies may want to discuss with their OMB representatives how to integrate financial management planning and performance information into their budget justifications.

Provide the following information in your budget justification materials:

(a) *Goals and strategies.* Briefly discuss how you will achieve the goals and strategies for implementing Government-wide financial management improvements that are associated with the 2000 Federal Financial Management Report. Include plans to achieve substantial compliance with the FFMIA (remediation plans). The discussion should focus on the goals and strategies that you determine to be priorities and should include examples of ongoing and proposed initiatives. Include sufficient, not detailed, information on the status of financial management activities to provide a context for your plans and resources request. Agency accountability reports and/or the GPRA performance reports should contain a detailed status on financial management activities. Agencies may want to cite references to other pertinent documents or sources.

(b) *Audited financial statements.* All CFO Act agencies must briefly discuss any impediments to the submission of unqualified and timely annual audited financial statements and plans to overcome the impediments.

(c) *Financial management systems structure.* Present an overview of your current and targeted financial management systems structure and plans for moving to your targeted systems structure. The scope of the financial management systems discussion should cover, at a minimum:

- Core financial management systems, as described in the JFMIP Core Financial Management Systems Requirements Document; and
- Financial and mixed systems critical to effective agency-wide financial management, financial reporting, or financial control (see section 53.2).

The financial systems discussion should include the following information:

- A brief description of baseline financial and mixed systems, including a narrative assessment of major problems with current systems (e.g., audit findings which indicate substantial non-compliance with the FFMIA or other material problems). Agencies should also prepare an updated financial systems inventory of the systems described above. (Guidance and instructions for the systems inventory update will be distributed to Deputy CFOs through a separate memorandum.) This inventory should be consistent with systems included in the information technology exhibit (exhibit 53).
- A brief description of the target structure for financial and mixed systems, including a discussion of the agency's financial management systems strategy.
- A synopsis of critical projects that you are currently undertaking or planning to accomplish with the target structure above. If your agency is not in compliance with the FFMIA, remediation activities planned and underway should be prominently identified as such. You must include, either in this synopsis or by referencing other documents or budget exhibits, the resources, remedies, interim target dates, and officials responsible for bringing your systems into substantial compliance with the FFMIA. The target date for systems compliance must be within three years of the date from which your system was determined not in substantial compliance.

(d) *Grants management.* Present a discussion of how your agency ensures policy consistency across grant programs. This should include not only implementation of OMB Circulars and other government-wide requirements but also how program-specific requirements (e.g., application forms, financial reports, and award conditions) are reviewed to ensure consistent treatment of grantees. Also provide a discussion of how your agency works to coordinate these policies with other agencies that administer grant programs. Your discussion should specifically address the following:

- Identify the five largest grant programs administered by your agency (based on total dollars awarded) and explain how agency-wide grant administration policy is implemented at the program level.
- Provide recommendations for changes in law to improve the effectiveness, performance, coordination, and accountability of Federal financial assistance programs. These recommendations should focus on changes to program-specific statutes, such as those that authorize a program or appropriate its funding.
- Describe efforts to ensure quality of audits performed by non-Federal auditors in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133. Information should be included for the prior, current, and budget years, addressing the number of audit quality control reviews, FTE for audit quality efforts, results of the audit quality efforts, actions taken or planned to improve quality of non-Federal audits, and other relevant information to assess your agency's reliance on audits under Circular A-133 in grant management.
- Identify efforts of planning, development, enhancement, or implementation of an agency system that will either be a discrete grants management system or be part of an agency's financial management or program system. Over the course of the next few years, agencies that are working under the streamlining activities of P.L. 106-107 need to consider identifying and highlighting grants management system development and implementation. In doing so, agencies need to consider the business implications of a grants system upon daily operations.

Agencies that are planning, developing, enhancing, or implementing a grants management system, or portion thereof, need to include the system, when necessary, in the agency's information technology (IT) portfolio (see Section 53). Agencies should highlight any grants systems initiatives as defined by Section 53. To highlight a system that is not defined as major/critical, agencies should consider identifying the grants system as "significant" or "small/other" (see Section 53).

52.5 What is the report on resources for financial management activities (exhibit 52) and why must I submit it?

Each agency covered by the CFOs Act must report budget authority and full-time equivalent (FTE) employment data for CY and BY for each of the following categories of financial management activities:

- Asset management;
- Accounting and reporting;
- Audits of financial statements; and
- Financial management systems.

In addition, in-house and contract data are required on the audits of financial statements. Resources for both the CFO organization and other agency components that are involved in financial management activities should be included, but without separate identification. This report is necessary for the oversight and review of agency resources devoted to these activities. The information also assists OMB in preparing the Government-wide five-year financial management plan, as required by the CFOs Act. This information is reviewed and discussed in connection with other agencies' financial management submissions.

52.6 What are the line descriptions and coding for exhibit 52?

Report budget authority and obligations in millions of dollars and FTE employment data for the entries described below. Enter obligations data for prior year (PY) only. Enter budget authority data for current year (CY) and budget year (BY). Resource estimates for financial management systems should be consistent with information technology data submitted in exhibit 53 and capital asset plans provided in exhibit 300. Resource information not based on other requirements of this Circular or on other easily-identifiable information should represent the agency's best estimate of salaries, contracts, or other major expenses to be reported. Allocation of overhead expenses is not required.

REPORT ON RESOURCES FOR FINANCIAL MANAGEMENT ACTIVITIES

Entry		Description
Line coding		Use the first three digits of the line number to identify the financial management activities to be reported (e.g., asset management); and the fourth digit to distinguish FTE (e.g., 1001) from obligation and budget authority (e.g., 1002) data.
100x	Asset management	Include in-house resources for administrative expenses for credit program accounts under credit reform (i.e., amounts requested as a separate appropriation for administrative expenses in credit program accounts); resources devoted to debt collection for non-credit receivables; resources devoted to cash management; and resources devoted to property and inventory management and control.
200x	Accounting and reporting	Include resources for processing, recording, and reporting of revenues, receipts, appropriations, apportionments, allotments, obligations, outlays, expenditures, assets, liabilities, and other financial transactions; reconciliation of asset and liability accounts, such as accounts or loans receivable, with subsidiary records and with external data, such as Treasury cash records; funds control; and preparation of financial statements.
2102	Contractor Accounting and Reporting	Include resources for contracts to perform accounting and reporting activities. <i>Report PY obligations and budget authority only.</i>
300x	Audits of financial statements	Include resources for performing audits of financial statements, with separate identification for contract and in-house costs, as detailed in exhibit 52. Do not include resources for preparation of financial statements.
400x	Financial management systems	Include resources for financial management systems, which consist of financial systems and financial portions of mixed systems necessary to

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Entry		Description
		support financial management. (See definitions of financial management systems in section 53.2.) Include in this category grants management systems as either a financial or mixed system (see Section 53.2). Data reported should be consistent with information reported as the estimated percentage of total system BA associated with financial components in exhibit 53.
500x	Subtotal	The sum of corresponding amounts reported on lines 100x through 400x.
600x	Adjustments (-)	Include adjustments to eliminate double counting (a minus entry). For example, costs for a loan system reported under the "asset management" category may also be reported under the "financial management systems" category. A list of the adjustments should be prepared, reviewed by the agency CFO, and provided as hard copy to OMB when requested.
700x	Total, net	Equals the total of corresponding amounts on lines 500x and 600x.
8102	Audits of financial statements, contract costs	Include resources for contracts to perform audits of financial statements. <i>Report PY obligations and budget authority only.</i>
820x	Audits of financial statements, in-house costs	Include resources to perform audits of financial statements in-house.
9102	Organization-wide financial statements, contract costs	Include resources for contracts to perform organization-wide audits of financial statements. <i>Report PY obligations and budget authority only.</i>
920x	Organization-wide financial statements, in-house costs	Include resources for performing organization-wide audits of financial statements in-house.
940x	Total, all reporting entities	For total FTE (line 9401), report the sum of lines 8201 and 9201. This total must be equal to line 3001. For total budget authority (line 9402), report the sum of lines 8102, 8202, 9102, and 9202. This total must equal line 3002.
9998	Agency contact	Include the name of the individual responsible for answering the above questions.
9999	Telephone number	Include telephone number of agency contact.

52.7 How do I check my exhibit 52 data for consistency?

Verify that your data meets the following error and consistency checks:

- Amounts reported for financial management systems on line 4002 must be consistent with the percentage of budget authority for financial management components reported in exhibit 53.
- If any adjustments are reported on lines 6001-6002, a hard copy list should describe the adjustments made and available to OMB upon request.
- Do not include preparation costs on lines 8102-9402.

- Lines 9401 and 9402 should equal the corresponding entries reported for lines 3001 and 3002.

52.8 How do I submit exhibit 52 and when is it due?

Exhibit 52 is collected separate from, and in advance of, data entered for other MAX schedules supporting the Budget Appendix (e.g., schedules P, O, etc.). Your exhibit 52 should be reviewed by your agency CFO before submission to OMB. E-mail this information using the spreadsheet provided at www.cio.gov. This spreadsheet is formatted to meet all the reporting requirements of exhibit 52. Send the completed spreadsheet to exhibit52@omb.eop.gov. Before sending the completed spreadsheet, verify that the subject line has the three-digit OMB agency code (see Appendix C) and the full agency name.

Submit exhibit 52 electronically via e-mail at the same time you submit your initial budget submission. You will be required to update the data, as necessary, to reflect final budget decisions after those decisions are made (see section 27.3).

Report on Resources for Financial Management Activities

Department of Government (in millions of dollars)		PY	CY	BY	Report Obligations for PY and Budget Authority for CY and BY, except where noted.
Asset Management					
1001	No. of FTE.....		40	40	
1002	Obligations/Budget Authority.....	2,350	2,480	2,600	
Accounting and Reporting					
2001	No. of FTE.....		250	250	
2002	Budget Authority.....		15,500	16,120	
Contractor Accounting and Reporting					
2102	Obligations/Budget Authority.....	2,000			
Audits of Financial Statements					
3001	No. of FTE.....		35	35	Amounts reported for financial management systems on line 4002 must be consistent with the percentage of BA for financial management systems in exhibit 53.
3002	Obligations/Budget Authority.....	2,250	2,250	2,290	
Financial Management Systems					
4001	No. of FTE.....		728	731	
4002	Obligations/Budget Authority.....	86,500	87,016	96,456	
Subtotal					
5001	No. of FTE.....		1,053	1,056	If any adjustments are reported on lines 6001-6002, a list describing them should be prepared in hard copy.
5002	Obligations/Budget Authority.....	93,100	107,246	117,466	
Adjustments					
6001	No. of FTE.....		-20	-30	
6002	Obligations/Budget Authority.....	900	-1,000	-1,800	
Total, Net					
7001	No. of FTE.....		1,033	1,026	
7002	Obligations/Budget Authority.....	92,200	106,246	115,666	
Audits of Financial Statements					
Component Contract Audits					Do not include preparation costs on lines 8102- 8202.
8102	Obligations/Budget Authority.....	1,100	1,250	1,250	
Component In-House Audit Costs					
8201	No. of FTE.....		35	35	
8202	Obligations/Budget Authority.....	1,000	1,000	1,040	
Organization-wide (department) financial statements					
Contract Audit Costs					
9102	Obligations/Budget Authority.....	4,000			
In-House Audit Costs					
9201	No. of FTE.....				
9202	Budget Authority.....				
Total, all reporting entities					
9401	No. of FTE.....		35	35	Total, all reporting entities, should equal the corresponding entries for audits of financial statements reported on lines 3001-3002.
9402	Obligations/Budget Authority.....	6,100	2,250	2,290	
9998	Agency Contact.....	R.W. Rogers			
9999	Telephone Number.....	(202) 696-4712			